

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration 500 West Temple Street, Room 713, Los Angeles, California 90012 (213) 974-1101 http://ceo.lacounty.gov

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MICHAEL D. ANTONOVICH

September 09, 2014

The Honorable Board of Supervisors County of Los Angeles 383 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, California 90012

Dear Supervisors:

JOINT RESOLUTION BETWEEN THE CITY OF LOS ANGELES AND THE COUNTY OF LOS ANGELES APPROVING AND ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUE RESULTING FROM THE REORGANIZATION OF THE CITY OF LOS ANGELES (SPHERE OF INFLUENCE AMENDMENTS, ANNEXATION TO AND DETACHMENT OF TERRITORY FROM THE CITY OF LOS ANGELES) RESULTING IN AN EXCHANGE OF PROPERTIES BETWEEN THE CITY OF LOS ANGELES AND THE COUNTY OF LOS ANGELES (REORGANIZATION NO. 2014-01) (THIRD DISTRICT)

SUBJECT

Adoption of the Joint Resolution for the reorganization involving both annexation and detachment of territories to and from the City of Los Angeles resulting in an exchange of properties between the City and the County of Los Angeles.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the Joint Resolution between the Board and the City Council of the City of Los Angeles based on the negotiated exchange of property tax revenue, as a result of the proposed reorganization of approximately 32 acres of uninhabited territory, located in Universal Studios and Theme Park property, between the City and the County of Los Angeles.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On April 30, 2013, the Board adopted: 1) an Ordinance authorizing the approval and execution of a Development Agreement (DA) between Universal Studios, LLC, and the County of Los Angeles (County); and 2) the Environmental Impact Report (EIR) including the Mitigation Monitoring and Reporting Program (MMRP), and the California Environmental Quality Act (CEQA) Findings of Fact and Statement of Overriding Considerations in connection with Alternative 10 for a multi-use development project located in Universal City. The DA, in part, addressed the annexation and detachment actions to be initiated either by the County or the property owner, Universal Studios, LLC.

On February 20, 2014, Universal Studios, LLC submitted the required application to the Local Agency Formation Commission (LAFCO) for Los Angeles County for the reorganization of territory between the City of Los Angeles (City) and the County.

The City Council has adopted the attached Joint Resolution based on the negotiated exchange of property tax revenue resulting from the proposed reorganization of territories between the City and the County. The reorganization territories consist of approximately 32 acres, three of which will be annexed to the City and approximately 29 acres will be detached from the City and revert back to County unincorporated territory. The territory that will revert back to the County unincorporated area will be included in the County Public Library system and annexed to Road District No. 3 (RMD No.3), and the Consolidated Fire Protection District (CFPD) of the County. The territory that will be annexed to the City will be detached from the County of Los Angeles jurisdiction, the CFPD and RMD No. 3, and withdrawn from the County Public Library system. The territory to be detached from the City will require annexation to the CFPD's boundary, as well as annexation to RMD No. 3 and inclusion in the County Public Library system. There will be concurrent amendments to the City of Los Angeles and Consolidated Fire Protection District Spheres of Influence (SOI).

The reorganization territory is generally located approximately 1.5 miles south and east of the junction of U.S. Route 101, (Hollywood Freeway and State Route 134, Ventura Freeway), near the north end of the Cahuenga Pass.

In order for LAFCO to proceed with the required hearings on the proposed reorganization of territory and SOI amendments, the Board, as the governing body of the County, must first adopt the Joint Resolution.

FISCAL IMPACT/FINANCING

The adopted Joint Resolution will transfer Sixty-two Thousand, Four Hundred and Thirty Dollars (\$62,430) in base property tax revenue from the County General Fund to the City, and will allocate a share of the annual property tax increment in each of the annexed areas from the County to the City, as contained in the Joint Resolution. The Joint Resolution will also transfer Two Hundred Forty-Four Thousand, Three Hundred and Twenty Dollars (\$244,320) in base property tax revenue from the City to the County General Fund, and will transfer a share of the annual tax increment in the detached territory from the City to the County, as contained in the Joint Resolution. The base property tax and tax increment from the City's detachment area will be reallocated to the County General Fund, the County Public Library, RMD No. 3, and the CFPD, as shown in the attached Joint Resolution. This reallocation will result in \$114,589 in base property tax transfer to the County General Fund.

The Sheriff anticipates increased costs due to the increase in service area responsibilities, as a result of the detached territory. The Sheriff has requested financing of \$1.1 million in the FY 2014-15 Supplemental Budget for additional patrol and law enforcement services to be provided to the detached area.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to Section 4.1 and 4.2 of the DA adopted by the Board on April 30, 2013, the County and Universal Studios, LLC, agreed that after the effective date of the DA, the County and Universal Studios may initiate proceedings pursuant to Part 3, Title 5 of the California Government Code, commencing with Section 56000, for the annexation to, and detachment of territory from the City. Further, the provisions of the DA relating to detachment areas will not become effective unless: 1) LAFCO proceedings for detaching territory from the City are completed within three years following the adoption of Ordinance No. 2013-0012 that authorized the approval and execution of the DA; and 2) if the detachment is not completed within the three-year timeframe stipulated in the DA, or any extension thereto, subject to the modification provisions set forth in the DA, the effectiveness of the DA as to the detachment areas shall be null and void.

Pursuant to Part 3, Title 5 of the California Government Code, commencing with Section 56000, the landowner, Universal Studios, LLC, submitted an application to LAFCO for the reorganization of territory, and concurrent amendments to the City's and CFPD's SOI.

Section 99 of the California Revenue and Taxation Code (R & T Code) requires that, prior to the effective date of any jurisdictional change, the governing bodies of all agencies whose service area, or service responsibilities will be altered by such change shall negotiate and determine the amount of property tax revenue to be exchanged between the affected agencies, and approve and accept such reallocation by resolution. The City Council of the City has adopted the negotiated Joint Resolution, as required by Section 99 of the R & T Code.

Annexation of Territory by the City of Los Angeles

The reorganization proposal is for the annexation of approximately three acres of unincorporated territory to the City's jurisdictional boundary. The proposed territory to be annexed to the City is currently within the County Public Library System, RMD No. 3, and the CFPD. Upon annexation of the territory to the City, the territory will be withdrawn from the County Public Library system and detached from RMD No. 3 and the CFPD.

Detachment of Territory from the City of Los Angeles

The reorganization proposal also includes the detachment of approximately 29 acres of incorporated territory from the City. This territory will revert back to the County unincorporated jurisdiction and will be included in the County Public Library System, and annexed to RMD No. 3 and the CFPD.

Adoption of the Joint Resolution by the Board will allow LAFCO to schedule the required public hearings to consider testimony on the proposed reorganization and concurrent SOI amendments. LAFCO will subsequently take action to approve, approve with changes, or disapprove the proposal for reorganization and amendments to the City's and CFPD's SOI.

The Joint Resolution has been approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

On November 14, 2012, the City, as the Lead Agency under CEQA, certified the EIR including CEQA findings and approved the NBC Universal Evolution Plan EIR Alternative 10 as the Project. The Project includes studio, office, entertainment, retail, amphitheater and hotel uses.

Subsequently, on April 23, 2013, the Board, acting as a responsible agency under CEQA, considered the effects of the Project as described in the EIR and considered the adoption of the EIR, the MMRP, and the CEQA Findings of Fact and Statement of Overriding Considerations in connection with Alternative 10 as described above.

On April 30, 2013, the Board adopted the EIR, the MMRP, and the CEQA Findings of Fact and Statement of Overriding Considerations for the Project; and also adopted an Ordinance authorizing the execution of the DA between Universal Studios LLC, and the County for the Project.

The recommended action is within the scope of the previously certified EIR.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The reorganization of territory consists of approximately 32 acres, which includes the annexation of approximately three acres to the City and detachment of approximately 29 acres from the City to the County. The net change is approximately 26 acres reverting to the County's jurisdiction.

The applicant for the reorganization of territory, Universal Studios, LLC, has indicated that the proposed annexation and detachment actions would place existing structures that currently straddle the City and County within one jurisdiction. Further, the proposed jurisdictional boundary changes would follow existing and planned land use patterns. The reorganization proposal consists of three separate areas (Areas 1, 2, and 3) within the Universal Studios and Theme Park property. Within those areas, Areas 1 and 3 will both have annexations to, and detachments from the City. Area 2 will be a detachment from the City.

Annexation of Area 1 to the City: As a result of the proposed annexation of Area 1 to the City, the existing building that houses the Universal Studios, LLC,'s west coast television operations would be entirely in the City rather than being split between the City and County jurisdiction.

Detachment of Area 2 from the City: This area will be detached from the City and revert back to the County's jurisdiction, and will become part of the surrounding Universal Studios area that is already in the County. The detachment areas contain restaurants, retail shops, ticket booths, and parking lots.

Annexation and Detachment of Portions of Area 3: Portions of the property along Universal Hollywood Drive would be annexed to the City to allow for a proposed hotel and administrative office building to be located entirely within the City. Portions of the property would be detached from the City to allow a small portion of CityWalk to be in the County's jurisdiction; provide a site in the County for a future hotel and additional CityWalk facilities; and provide a suitable location within the County to house future Southern California Edison (SCE) electrical transmission equipment serving the County portions of the property.

Upon the effective date of the annexation, the City will become responsible for providing municipal services to the annexation areas, and the County and its special districts will be responsible for providing increased municipal services to the detached territory that will revert to the County's jurisdiction.

CONCLUSION

At such time as the recommendation is approved by the Board, please return one copy of the letter and five signed originals of the resolution to LAFCO, one approved copy of the letter and a copy of the resolution to the Chief Executive Office, Office of Unincorporated Area Services, and one copy of the approved letter and a copy of the resolution to the Auditor-Controller, Tax Division.

Respectfully submitted,

WILLIAM T FUJIOKA

Chief Executive Officer

WTF:RLR:DSP MJS:acn

Enclosures

c: Sheriff

Executive Office, Board of Supervisors
County Counsel
Animal Care and Control
Assessor
Auditor-Controller
Fire

Public Library Public Works Regional Planning City of Los Angeles JOINT RESOLUTION BETWEEN THE CITY OF LOS ANGELES AND THE COUNTY OF LOS ANGELES APPROVING AND ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUE RESULTING FROM THE REORGANZATION OF THE CITY OF LOS ANGELES (SPHERE OF INFLUENCE AMENDMENT, ANNEXATION TO AND DETACHMENT OF TERRITORY FROM THE CITY OF LOS ANGELES) RESULTING IN AN EXCHANGE OF PROPERTIES BETWEEN THE CITY OF LOS ANGELES AND THE COUNTY OF LOS ANGELES (REORGANIZATION 2014-01)

DETACHMENT FROM AND ANNEXATION TO THE CONSOLIDATED FIRE PROTECTION DISTRICT AND COUNTY ROAD MAINTENANCE DISTRICT NO. 3, WITHDRAWAL FROM AND ANNEXATION TO THE COUNTY PUBLIC LIBRARY SYSTEM

WHEREAS, NBC Universal Studios, LLC, initiated proceedings with the Local Agency Formation Commission for Los Angeles County for the reorganization of territory identified as Reorganization No. 2014-01 between the County of Los Angeles and the City of Los Angeles;

WHEREAS, pursuant to Section 99 of the California Revenue and Taxation Code, for specified jurisdictional changes, the governing bodies of affected agencies shall negotiate and determine the amount of property tax revenue to be exchanged between the affected agencies; and

WHEREAS, the area proposed for reorganization is identified as Reorganization No. 2014-01 and consists of approximately 32 acres of territory known as "NBC Universal," which consist of approximately 3 acres of unincorporated territory for annexation to the City of Los Angeles and 29 acres of incorporated territory for detachment from the City of Los Angeles, located approximately 1.5 miles south and east of the junction of the U.S. Route 101 (Hollywood Freeway and State Route 134 (Ventura Freeway) near the north end of the Cahuenga Pass; and

WHEREAS, the Board of Supervisors of the County of Los Angeles, as governing body of the County, the Consolidation Fire Protection District, County of Los Angeles Road District No. 3, and the County Public Library, and the City Council of the City of Los Angeles, have determined the amount of property tax revenue to be exchanged between their respective agencies, as a result of the reorganization of territory identified as Reorganization No. 2014-01;

WHEREAS, the areas identified for reorganization of territories are shown in the attachment.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

- A. Annexation of territory to the City of Los Angeles:
- 1. The negotiated exchange of property tax revenue between the County of Los Angeles and the City of Los Angeles, resulting from

Reorganization No. 2014-01 is approved and accepted for the annexation areas in Tax Rate Area 1697.

- 2. For the fiscal years commencing in the year after the filing of the statement of boundary change for Reorganization No. 2014-01 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, property tax revenue received by County Road District No. 3, attributable to Reorganization No. 2014-01, shall be transferred to the County of Los Angeles, and the County Road District No. 3's share in the annexation areas shall be reduced to zero.
- 3. For the fiscal years commencing in the year after the filing of the statement of boundary change for Reorganization 2014-01 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, property tax revenue received by the Consolidated Fire Protection District, attributable to Reorganization No. 2014-01, shall be transferred to the County of Los Angeles, and the Consolidated Fire Protection District's share in the annexation areas shall be reduced to zero.
- 4. For the fiscal years commencing in the year after the filing of the statement of boundary change for Reorganization No. 2014-01 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, property tax revenue received by the County Public Library, attributable to Reorganization No. 2014-01 shall be transferred to the County of Los Angeles, and the County Public Library's share in the annexation areas shall be reduced to zero.
- 5. For the fiscal year commencing in the year after the filing of the statement of boundary change for Reorganization No. 2014-01 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, a base of Sixtytwo Thousand, Four Hundred Thirty Dollars (\$62,430) in property tax revenue attributable to Reorganization No. 2014-01 shall be transferred from the County of Los Angeles to the City of Los Angeles, and the County's share in the annexation areas shall be reduced accordingly.
- 6. For the fiscal year commencing after the filing of the statement of boundary change for Annexation 2014-01 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, 0.319516291 of the annual property tax increment attributable to Reorganization No. 2014-01 territory shall be transferred from the County of Los Angeles to the City of Los Angeles and the County's share in the annexation areas shall be reduced accordingly.

B. Detachment of territory from the City of Los Angeles:

1. The negotiated exchange of property tax revenue between the County of Los Angeles and the City of Los Angeles, resulting from Reorganization No. 2014-01 is approved and accepted for the detachment areas in Tax Rate Area 0013.

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- 2. In the fiscal year commencing in the year after the filing of the statement of boundary change for Reorganization No. 2014-01 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, a base of Two Hundred Forty-Four Thousand, Three Hundred Twenty Dollars (\$244,320) in property tax revenue attributable to Reorganization No. 2014-01 shall be transferred from the City of Los Angeles to the County of Los Angeles, and the City's share in the detachment areas shall be reduced accordingly.
- 3. For the fiscal year commencing after the filing of the statement of boundary change for Reorganization No. 2014-01 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, 0.262847787 of the annual property tax increment attributable to Reorganization No. 2014-01 territory shall be transferred from the City of Los Angeles to the County of Los Angeles and the City's share in the detachment areas shall be reduced to zero.
- 4. For the fiscal years commencing in the year after the filing of the statement of boundary change for Reorganization No. 2014-01 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, Three Thousand Eight Hundred Ninety-nine (\$3,899) in base property tax revenue shall be transferred from the County of Los Angeles to Road District No. 3, and 0.008097048 attributable to Reorganization 2014-01, shall be transferred from the County of Los Angeles to County Road District No. 3, and the County's share in the detachment areas shall be reduced accordingly.
- 5. For the fiscal years commencing in the year after the filing of the statement of boundary change for Reorganization No. 2014-01 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, Ninety-four Thousand, Seven Hundred Seventy-six Dollars (\$94,776) in base property tax revenue shall be transferred from the County of Los Angeles to the Consolidated Fire Protection District, and 0.196845708 in property tax increment attributable to Reorganization No. 2014-01, shall be transferred from the County of Los Angeles to the Consolidated Fire Protection District and the County's share in the detachment areas shall be reduced accordingly.
- 6. For the fiscal years commencing in the year after the filing of the statement of boundary change for Reorganization No. 2014-01 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, Fifteen Thousand, One Hundred Twenty Dollars (\$15,120) in base property tax revenue shall be transferred from the County of Los Angles to the County Public Library, and 0.031403452 of the annual property tax increment attributable to Reorganization No. 2014-01, shall be transferred from the County of Los Angeles to the County Public Library, and the County's share in the detachment areas shall be reduced accordingly.

PASSED, APPROVED AND ADOPTED this 27th day of August by the following vote: AYES: 10 ABSENT: 5 ABSTAIN: NOES: Mayor City of Los Angeles ATTEST: City Clerk City of Los Angeles The foregoing resolution was on the _____day of _ adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts. SACHI A. HAMAI, Executive Officer Clerk of the Board of Supervisors of the County of Los Angeles Ву Deputy APPROVED AS TO FORM: RICHARD D. WEISS **Acting County Counsel**

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